

BUDGETING AND DELIVERY METHOD PROCESS- GENERAL DESCRIPTION

3041

(No. 3 October 2012)

The Capital Outlay process is discussed in SAM §6800. Budgeting is covered in §§6801 through 6899.

Capital Outlay Projects

Capital Outlay projects are funded with General Funds or with Lease Revenue Bonds. Capital Outlay funds are used to acquire lands and lands rights, and to design and construct new facilities, facility improvements, alterations, and expansions of existing facilities.

Major Capital Outlay Projects

Major Capital Outlay projects include all lands projects and improvement projects estimated to cost \$800,000 or more. Major projects can be accomplished utilizing the following delivery methods:

- Department of General Services, Real Estate Services Division (DGS/RESA) for acquisition, design, and construction. Resources utilized may include:
 - State Employees
 - Private Sector Services
 - General Contractors
- Agency Retained, as delineated in Budget Act Provisional Language, are projects (currently limited to replacement of Fire Stations) designed and managed by CAL FIRE that can be accomplished utilizing the following construction delivery methods per Public Resources Code §716:
 - General Contracting
 - Self performed with specialty sub contracts. Public Works Code §10122 outlines the evaluation criteria for determining when a project may be done under the direction of the Department. To document the Department's determination, a memo from the Director for each project must be executed ([see exhibit A](#)).

Minor Capital Outlay Projects

Minor Capital Outlay projects include improvement projects estimated to cost less than \$800,000. Minor projects can be designed by staff and constructed by contract or day labor, or a combination of the two. On any individual project, the maximum expenditure for day labor (wages and benefits for casual artisans) is limited to \$109,000.

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Cooperative Projects

Cooperative projects, either Major or Minor, involve contracting with other private, State, and federal agencies. Cooperative agreements with other agencies are usually documented with a Memorandum of Understanding ([see exhibit B](#)), Collection Agreement ([see exhibit C](#)), and Operations and Maintenance Agreement ([see exhibit D](#)).

Lease Purchase projects can be classified as either Major or Minor. Subsequent agreements with property owners will be developed by DGS/RESD.

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CAPITAL OUTLAY POLICY, GOALS, OBJECTIVES, AND PROCEDURES

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It is the Department's policy that improvements will be designed, constructed, maintained, and operated to achieve the following goals:

- Maximum health and safety for the public and Departmental staff;
- Optimum performance of the Department's mission;
- Cost effective construction, operation, and maintenance.

The Department's objectives are to identify all required improvements to facilities and real property under CAL FIRE management responsibility, to document the need for improvements through the annual capital outlay or special repair budgetary process, to implement measures designed to fully meet facility improvement needs, and to secure funding to complete the projects. In addition, the Department's goal is to pursue partnerships with allied agencies, whenever prudent and economically feasible, to share in the costs of acquisition, design, construction, operation, and maintenance of joint-use facilities. To accomplish these objectives, the Department will implement the following procedures:

1. Projects will only be undertaken following the completion of an adequate planning and review process designed to document the need and justification for the project. Included in this planning process will be a thorough analysis of alternative solutions and their costs to validate the recommended solution to the problem.
2. Projects will be designed and constructed in accordance with all applicable building codes, laws, and regulations. Emphasis will be given to the design and selection of building materials that will provide workable space that is simple but functional and relatively maintenance free.
3. Standard designs and construction techniques will be used whenever reasonable and practical to reduce design fees and other costs associated with one-of-a-kind design. This requirement will also apply to any joint-use occupancy facility proposal. An exception may be granted for facilities planned in areas requiring special design considerations, such as facilities constructed in areas where local building officials require a distinctive architectural motif.
4. The Department will attempt to maximize the use of Minor Capital Outlay funds to maximize capital investments.

5. To reduce project costs, drive-through bays for fire station apparatus buildings will be limited to projects with unique site characteristics. Dozer sheds and air ship apparatus buildings are excluded from this restriction.
6. Proposals to develop facilities on leased or permit-held lands will be thoroughly scrutinized for economic feasibility. Generally, a real property (land) lease must have a term of adequate length to protect the State's interests; for new facility construction, a minimum of thirty years may be required.

Outright acquisition of privately held parcels is preferred over a long-term lease of those lands in order to preserve the State's economic investment in the improvements.

Real property interests must be secured and protected in writing prior to the expenditure of funds for design and construction phases.

7. The use of State development funds will be limited to State facilities only. Joint-use facilities must have funding participation from all occupants. This participation may be in the form of securing the land rights, the cost sharing of facility design and construction, the repayment for the improvement cost through a lease or rental agreement, or any combination thereof. Securing a written agreement addressing the terms and conditions of any cost share proposals must precede any request for the use of State funds for joint-use projects.
8. Evaluation criteria for funding improvement projects are listed in priority order:
 - i. Fire and life safety issues, including code violations;
 - ii. Water and sewer system deficiencies;
 - iii. Environment protection;
 - iv. Acquisition/development of new or additional emergency response facilities in areas where the need has been identified;
 - v. Acquisition of real property to protect the State's interest;
 - vi. Public and field operational needs, including emergency command facilities, replacement of worn-out apparatus, barracks/messhalls, and equipment/maintenance shops, replacement of inadequate utility systems;

- vii. Administrative facilities, including replacement or relocation of unit or region headquarters offices, and roadway and parking area improvements.

These priorities are subject to revision based on unforeseen events such as storm damage, natural disaster, or other emergencies.

- 9. Where a conflict of interest arises between a Unit Chief's roles as capital outlay planner for the State mission and planner under a local government cooperative agreement, those roles will be formally divided and assigned to separate individuals to ensure appropriate negotiation of interests between the State and local government.

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